

## Message Text

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PAGE 01 GUATEM 00012 022219Z

70

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-10 PA-04 PRS-01 SS-20 USIA-15 DRC-01 /161 W

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R 022120Z JAN 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 1652

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E.O. 11652: N/A

TAGS: PINT, GT

SUBJECT: BUS FARE INCREASES POSE POTENTIAL PROBLEM

SUMMARY: GUATEMALA CITY PRIVATE BUS COMPANIES UNILATERALLY RAISED FARE FROM 5 CENTS TO 8 CENTS ON DECEMBER 21. THIS ILLEGAL ACT SERIOUSLY AFFECTS POCKETBOOK OF CAPITAL'S LOW INCOME GROUPS WHICH DEPEND ON PUBLIC TRANSPORT. ISSUE IMMEDIATELY TOOK ON POLITICAL COLORATION AS NATIONAL AND MUNICIPAL GOVERNMENTS ATTEMPTED TO BLAME EACH OTHER FOR THE PROBLEM. CHRISTMAS AND NEW YEAR'S CELEBRATIONS PREOCCUPIED GUATEMALAN LAST WEEK, BUT NOW THAT THESE HAVE PASSED, CAPITAL POPULATION AND PUBLIC AUTHORITY WILL BE FACED WITH UNAVOIDABLE PROBLEM OF SERIOUS PROPORTIONS. PRESS HAS REPORTED SOME VIOLENCE, PRINCIPALLY BUS BURNINGS, AND MORE MAY COME. END SUMMARY.

1. ON DECEMBER 21, ELEVEN GUATEMALA CITY BUS LINES UNILATERALLY RAISED FARES FROM 5 CENTS TO 8 CENTS PER RIDE. THIS ACTION, WHICH WAS TAKEN ILLEGALLY WITHOUT AUTHORIZATION OF MUNICIPAL GOVERNMENT, CAME AFTER TWO YEARS OF FRUITLESS ATTEMPTS BY BUS OWNERS TO GET FARE INCREASE. OWNERS CLAIMED THAT INCREASED

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OPERATING COSTS, ESPECIALLY HIGHER WAGES AND RECENT FUEL

PRICE RISE, JUSTIFIED INCREASE. MUNICIPAL GOVERNMENT RESISTED FARE INCREASE BECAUSE OF ITS DELETERIOUS EFFECTS ON LOW INCOME GROUPS USING BUSES, AND SOUGHT INSTEAD TO REDUCE MUNICIPAL AND CENTRAL GOVERNMENT TAXES AND IMPORT DUTIES ON BUSES. JOINT COMMISSION OF THE TWO GOVERNMENTS HAS STUDIED PROBLEM SINCE AUGUST, BUT THIS TACK HAS NOT BEEN SUCCESSFUL SINCE NEITHER NATIONAL NOR MUNICIPAL GOVERNMENTS WILLING TO REDUCE TAXES ENOUGH TO PLEASE BUS OWNERS.

2. DECEMBER 21 ACTION AS FOLLOWED BY PUBLIC STATEMENTS OF MUNICIPAL AND NATIONAL GOVERNMENTS SEEKING TO BLAME EACH OTHER FOR FAILURE TO RESOLVE ISSUE. MAYOR COLOM AGRUETA, WHO IS IMPORTANT OPPOSITION POLITICAL LEADER, DECLARED THE INCREASE ILLEGAL, CALLED ON GOG-CONTROLLED NATIONAL POLICE TO ENFORCE 5 CENT FARE, FINE BUS LINES \$3,000 EACH FOR ILLEGAL INCREASE, AND EXPLAINED MUNICIPAL GOVERNMENT'S POSITION ON REDUCING TAXES TO KEEP FARE AT 5 CENTS. COLOM ALSO IMPLIED THAT GOG HAD SECRETLY ENCOURAGED BUS OWNERS TO INCREASE FARES ILLEGALLY. MINISTER OF GOVERNMENT ROBERTO HERRERA, SPEAKING FOR GOG, DECLARED THAT MUNICIPALITY'S CONSTITUTIONALLY GUARANTEED AUTONOMY GAVE IT FULL AUTHORITY TO DEAL WITH PROBLEM. HE SAID NATIONAL POLICE COULD NOT INTERVENE IN PROBLEM AND CHIDED COLOM FOR ASKING GOG TO SOLVE HIS PROBLEMS FOR HIM. OTHER GOG STATEMENTS REJECTED CHARGE THAT IT HAD SECRETLY APPROVED FARE INCREASE AND CALLED ON COLOM TO ACCEPT HIS RESPONSIBILITY FOR PROBLEM OR "ADMIT HIS INCAPACITY" AND ASK CENTRAL GOVERNMENT TO ASSUME RESPONSIBILITY.

3. THROUGH WEEK OF DECEMBER 24 PRESS GAVE AMPLE COVERAGE TO ISSUE. MOST BUS PATRONS, ACCORDING TO REPORTS, GRUDGINLY ACCEPTED INCREASE, BUT 8 CENT FARE PROVOKED ISOLATED INCIDENTS OF VIOLENCE, INCLUDING BURNING OF SOME BUSES. GOVERNMENT MINISTER HERRERA WARNED THAT PROBLEM COULD SERVE INTERESTS OF SUBVERSIVES.

4. COMMENT: FARE INCREASE ISSUE IS LIKELY TO CONTINUE AS SERIOUS PROBLEM. AS BUS PATRONS RETURN FROM HOLIDAYS AND FACE INCREASED COST OF TRANSPORTATION, DISCONTENT LIMITED OFFICIAL USE

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PAGE 03 GUATEM 00012 022219Z

IS LIKELY TO RISE. PRINCIPAL INTEREST OF THE TWO GOVERNMENT ENTITIES CONCERNED HAS APPEARED MORE RELATED TO BLAMING SOMEONE ELSE FOR PROBLEM, RATHER THAN REACHING SOLUTION. FAILURE TO SOVE ISSUE LEAVES DOOR OPEN TO FURTHER VIOLENCE.

DECONTROL JAN 2 1975.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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